



COMDTNOTE 7100
OCT 6, 2004

COMMANDANT NOTICE 7100

CANCELLED: OCT 5, 2005

Sub: CH-1 TO FINANCIAL RESOURCE MANAGEMENT MANUAL (FRMM), COMDTINST M7100.3C

Ref: (a) Financial Resource Management Manual (FRMM), COMDTINST M7100.3C

1. PURPOSE. This Notice promulgates Change 1 to reference (a), highlights significant changes to accounting and financial policy regarding field, OM&S, repairable spares, and the supply fund.
2. ACTION. Area and district commanders, commanders of maintenance and logistics commands, commanding officers of headquarters units, assistant commandants for directorates, Judge Advocate General, and special staff offices at Headquarters shall ensure compliance with the provisions of this Notice. Internet release authorized.
3. DIRECTIVE AFFECTED. None.
4. SUMMARY OF CHANGES. This notice details corrections to the accounting and reporting of repairable spares, includes WAGBs and WLBs as units subject to financial reporting on CG's financial statements, and lowers the Supply Fund capital available for procurement to 10% of the overall inventory investment.
5. PROCEDURES. Remove and insert the following pages.

Remove

2-39 to 2-40
7-23 to 7-24
7-27 to 7-28
7-33 to 7-34

Insert

2-39 to 2-40
7-23 to 7-24
7-27 to 7-28
7-33 to 7-34

/S/

R. S. HOROWITZ
Chief Financial Officer

Encl: CH-1 Financial Resource Management Manual (FRMM), COMDTINST M7100.3C

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	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z
A	1	1	1	1	1	1	1		1	1			1	1	1	1										
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NON-STANDARD DISTRIBUTION:

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2.F.34.e**Fuel Activities Report
Matrix**

Report	Frequency	When	Submit To
Fuel Report	Monthly	Nlt 5th work day	(FF/OGP) (FF/OGP)

2.F.35**Capital Position
Report**

The Supply Fund Capital Position Report contains critical information needed to evaluate and report on the Supply Fund. It provides the Supply Fund Management Officer critical summary information regarding inventory, receipts, issues, undelivered orders, unfilled customer order and capital available for procurement. The Supply Fund Capital Position Report Package is due no later than five days after month end. Supply Fund activities are encouraged to develop and submit these reports electronically (email). Local development of the CG Forms is authorized as long as all date fields are contained in the electronic submission.

The Capital Position Report will be slightly different for the various types of Supply Activities. The ELC shall prepare and submit a Capital Position Report (electronic) and Trial Balance only.

- Capital Position Report (Format)
- Capital Authorization Control (CG-3116)
- Daily Summary of Receipt Transactions (CG-3095)
- Daily Summary of Expenditure Transactions (CG-3097)

COAST GUARD FUNDING AUTHORITY AND STRUCTURE

2.F.35.a

Capital Position Report For Wholesale Inventory Activities – Wholesale Clothing Activity

Unit Name: _____

Supply Account: _____ Month/Yr. _____

Capital Authorization	XXX,XXX.XX
Adjustments from Transfers-In (+)	XXX,XXX.XX
Adjustments from Transfers-Out (-)	<u>XXX,XXX.XX</u>
Adjusted Capital Authorization	XXX,XXX.XX
Inventory at Standard Price	XXX,XXX.XX
Purchase Price Variance (+/-)	<u>XXX,XXX.XX</u>
Inventory at Cost (-)	XX,XXX.XX
Undelivered Orders (-)	XXX,XXX.XX
Commitments (-)	XXX,XXX.XX
Unfilled Customer Orders (+)	<u>XXX,XXX.XX</u>
Capital Available for Procurement	XXX,XXX.XX
Surcharge	XXX,XXX.XX

Receipts: COMM SSA OCGA OGA MISC TOTAL
Issues: CFEU SSA OCGA OGA MISC TOTAL

2.F.35b

Capital Position Report For Retail Inventory Activities – Retail Clothing Activity

Unit Name: _____

Supply Account: _____ Month/Yr. _____

Capital Authorization	XXX,XXX.XX
Beginning Inventory	XXX,XXX.XX
Undelivered Orders (-)	XXX,XXX.XX
Ending Inventory (-)	<u>XXX,XXX.XX</u>
Capital Available for Procurement	XXX,XXX.XX
Surcharge	XX,XXX.XX

Receipts: COMM SSA OCGA OGA MISC TOTAL
Issues: CFEU SSA OCGA OGA MISC TOTAL

2.F.36

Capital Available For Procurement

The capital available for procurement shall normally be within 10 % of the overall inventory investment. The Supply Fund Management Officer shall review these quarterly and contact units and analyze their CA future requirements.

ACCOUNTING POLICIES AND STANDARDS

7.A.4.h Valuation Policy - Average Unit Cost

1. The average unit costing method shall be used for procurement of multiple like assets (i.e., buoy tender, HC-130 engines, DGPS) in a project.
2. The average unit price shall be computed by dividing the total AC&I project cost (direct + allocated indirect project cost) by the initial number of units to be procured.
3. Repairable spares shall be capitalized as part of the asset they support (i.e. Aircraft, vessel, major electronics system). They will be included in the cost of the asset in Oracle and will be tracked in the appropriate supply/logistics system (ALMIS, NESS, CMPLUS, FLS, LIMS).
4. The average unit amount for spares and AC&I labor that comprise average unit cost shall be shown included on the Project Management Data Sheet ("PMDS") and included in the cost of the asset they support.
5. Changes to average unit cost should only be approved, if material, and shall be applied to prospective assets only, if at all possible.
6. Examples of asset systems that might be entered as one system or as individual units using an average unit costing methodology are vessels, aircrafts, GPS, TCAS or FLAR systems.

7.A.4.i AC&I Pools

1. AC&I billets are divided into cost pools for purposes of spreading labor. This includes a G-A cost pool, a G-S cost pool applicable to all projects other than real property projects and a G-S cost pool applicable to real property projects.
2. Based on annual labor allocation figures developed by CG-84, FINCEN shall record allocated labor to applicable projects in the Oracle Projects accounting system each year.

7.A.4.j Transfers

1. Personal property assets received from other government agencies shall be transferred-in at the existing book value of the transferring agency or estimated fair market value if the book value is not provided. This value shall be increased by transfer costs such as freight and shipping charges.
2. Transfer documents shall be forwarded to FINCEN to document delivery, acceptance and transferred-in cost.
3. Coast Guard units or Headquarters offices responsible for the movement of Coast Guard personal property assets shall copy FINCEN on all OFCO and Ferry Movement messages resulting in a permanent change in aircraft or vessel location.
4. FINCEN shall update the designated fixed asset system to reflect the transfer.

7.A.4.k Government Furnished Property

All government furnished property and government furnished equipment (GFE) shall be accounted for in the designated fixed asset system based on the category of asset, i.e., GPP, electronics, operating materials and supplies ("OM&S"), etc.

7.A.4.l Gift Value

Gifts shall be valued at fair market value through appraisal, but if the owner acknowledges in writing that no appraisal is needed, approximate fair market value shall be established through historical documents.

7.A.5 Asset Systems - Oracle Fixed Assets

The Oracle Fixed Assets system is the official system of record for property existence and valuation.

- a. Oracle Projects is the official system for capturing the cost of AC&I construction projects. FINCEN maintains the project accounting records and all project set-ups.

ACCOUNTING POLICIES AND STANDARDS

7.A.7.b

New Systems or Cutter Classes (FY04 and Beyond)

1. Repairable spare parts, regardless of cost or condition, shall be capitalized as part of the individual asset they support, and shall be depreciated using the same remaining economic service life as that specific asset.
2. As the Coast Guard clears construction in process and records the end item as an asset in the ORACLE fixed asset module, the value of purchased repairable spare parts shall be capitalized and tracked as part of that particular asset (e.g. Aircraft, Cutter, Small Boat, System).
3. Repairable spare parts at the ICP/ICGS level shall be reported at the class category level, and then averaged among the number of assets in that class.

7.A.7.c

Reporting to Commandant (CG-842)

1. FINCEN shall report the extract file for Aircraft, Vessels, Small Boats and Electronics systems quarterly in accordance with published schedules (ORACLE).
2. ICPs/ICGS shall report the value of depot stored repairable spare parts quarterly in accordance with published schedule (ALMIS, NESSS, LIMS).
3. G-SLP shall report the value of field unit repairable spare parts quarterly in accordance with published schedules (FLS).
4. ICGS shall report the value of field unit repairable spare parts quarterly in accordance with published schedules (LIMS)

ACCOUNTING POLICIES AND STANDARDS

7.A.7.d General

1. Supply/Logistics systems shall maintain a link to class via the appropriate end item application. ICP/ICGS supply/logistics systems shall maintain a date placed into service (i.e. item introduction date) so that new acquisitions can be identified and tracked.
2. Weighted average cost and repair expense data shall continue to be collected, maintained, and reported from the supply/logistics system (ALMIS, NESSS, CMPLUS, FLS, LIMS).
3. Repairable item repair expense data shall continue to be collected and maintained in the supply/logistics systems, but shall not affect the asset value in ORACLE.
4. Not ready for use assets that remain in use shall continue to be depreciated over the remaining useful life of the base asset with no additional allowance for loss, or "write down."
5. Physical inventory and logistics policy shall be maintained in the Coast Guard Uniform Supply Operations Manual, COMDTINST M4121.4 (series), and the Supply Policy and Procedures Manual, COMDTINST M4400.19 (series). The Office of Financial Policy and Systems (CG-84) shall provide the Office of Logistics Policy (G-SLP)/ICGS financial policy requirements on an as needed basis.

7.A.7.e Responsibilities - ICPs/ICGS Depots

1. Maintain detailed repairable spares stock records in an audit ready status.
2. Ensure that repairable spares stock records are reconciled and balanced to the Trial Balance for quarterly and annual reporting.
3. Ensure that detailed repairable spares stock items are associated to an end item application and contain an item entry date.

ACCOUNTING POLICIES AND STANDARDS

7.B.4.e Responsibilities Units CO/OIC ensures

1. Ensures OM&S including repairable spares are secure and under good physical control.
2. Ensures transactions are processed within time standards.
3. Maintains audit ready records and files.
4. Performs physical inventories and completes reporting.
5. Executes FLS extracts timely and correctly.
6. Submits annual reports of OM&S to FINCEN(FF)/Commandant (CG-842).

7.B.4.f Area, District, and MLC Commanders

Ensuring units are in compliance with policy and maintain complete, accurate, audit ready records.

7.B.5 Reporting Operating Materials and Supplies

- a. All units regardless of type, shall report the value of OM&S. All OM&S regardless of value, held by the following types of units are subject to financial reporting and will be recorded on the Coast Guard's financial statements. All OM&S, regardless of value, will be subject to audit and review.

- 1) High Endurance Cutters (WHEC)
- 2) Medium Endurance Cutters (WMEC)
- 3) Coastal Buoy Tenders (WLM)
- 4) Icebreaker Tugs (WTGB)
- 5) Training Cutters (WIX)
- 6) Naval Engineering Support Units/Mat Detachment (NESU/MAT)
- 7) Communications Stations (COMSTA)
- 8) Air Stations/Hitron (AIRSTA)
- 9) Loran Stations (LORSTA)
- 10) Loran Support Unit (LSU)
- 11) Integrated Support Commands (ISC)
- 12) Groups/Bases (GRP/BASE)
- 13) Activities (ACT)

ACCOUNTING POLICIES AND STANDARDS

7.B.5 **Reporting Operating** **Materials and Supplies** (Continued)

- 14) Electronics Support
Units/Detachments/Details
(ESU/ESD/ESDD)
- 15) Vessel Tracking Stations (VTS)
- 16) Maintenance Logistics Commands (MLC)
- 17) Training Centers (Petaluma/Yorktown)
- 18) National Motor Lifeboat School (NMLBS)
- 19) Ice Breakers (WAGB)
- 20) Seagoing Buoy Tenders (WLB)

- b. OM&S carried by field units other than those listed above are subject to financial reporting. Commandant (CG-842) will annually evaluate the composition of Field OM&S to ensure reporting criteria is current and accurate.
- c. Yard Fund and Supply Fund material held at any location is not considered OM&S, but rather inventory since it is resold to a customer.
- d. OM&S will be valued using a weighted average cost method. Units shall ensure that OM&S items have a unit price established and entered into the inventory record for reporting and accounting purposes. The document number shall also be entered to provide an audit trail for valuation support of OM&S. Units shall ensure that documentation is kept to support valuation for a period of three years (e.g. Purchase Orders, Mistrip DD-1348, Transfer Documents DD-1149, invoices, etc...). If the cost of an item is not known, follow instructions in the Supply Policy and Procedures Manual, COMDTINST M4400.19 (series) to determine a reasonable cost. Documentation must be kept to support these items.
- e. Units with OM&S shall execute physical inventories in accordance with the Supply Policy and Procedures Manual COMDTINST M400.19 (series).
- f. Reports of Survey shall be prepared and forwarded to the appropriate approving authority as identified in reference #2 of 7.B.1. Reports of survey shall be filed and retained for a period